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FISCAL IMPACT STATEMENT

LS 6790

BILL NUMBER: HB 1121

NOTE PREPARED: Feb 20, 2003

BILL AMENDED: Feb 19, 2003

SUBJECT: Teacher recruitment and retention.

FIRST AUTHOR: Rep. Porter

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill establishes a Teacher Recruitment and Retention Fund, administered by the Professional Standards Board, to: (1) attract qualified teachers to those geographical areas of the state where a critical shortage of teachers exists; and (2) retain qualified teachers in teacher shortage areas; by providing student loan repayment assistance. It provides that as a condition of participating in the program and receiving student loan repayments, a teacher must agree to employment as a licensed teacher in a school district located in a teacher shortage area for a period of at least five years.

Effective Date: July 1, 2003.

Explanation of State Expenditures: (Revised) This bill creates a Teacher Recruitment and Retention Fund to provide financial assistance to teachers who work in a critical shortage area after they graduate from school. The fiscal impact depends on the number of teachers that would apply for the repayment assistance, teach in a geographical area where a critical shortage of teachers exists, and the appropriations to the fund. There are approximately 19,544 teachers with more than 1 and up to 10 years of experience.

To qualify for loan repayment assistance for student loans a teacher must;

1. hold a license to teach under IC 20-6.103;
2. complete at least 1 year of teaching service in a geographical area of Indiana where a critical shortage of teachers exists, as determined by the Professional Standards Board;
3. agree in writing to the employment requirements; and
4. meet additional requirements that the Professional Standards Board may establish.

According to the National Center for Public Policy and Higher Education, graduates from a four-year college

in the 2002 school year potentially owed an average of \$13,000 and generally have to start making payments six months after graduation. The maximum amount of the repayment assistance per year is the lesser of \$3,000 or 50% of the total principal and interest on the guaranteed student loan owed by the teacher. If 10% of the 19,544 teachers with more than one and up to ten years of experience apply for the maximum assistance then applications for assistance could potentially total \$5.9 M annually. The teacher can receive the assistance for 5 years.

The bill does not contain an appropriation for the Teacher Recruitment and Retention Fund. The amount of assistance available would be limited to the balance in the fund. The fund may also receive gifts, grants, devises or bequests. The fund is to be administered by the Professional Standards Board and expenses to administer the fund made be paid from the fund.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Professional Standards Board.

Local Agencies Affected:

Information Sources: National Center for Public Policy and Higher Education's "Losing Ground" study. Department of Education databases.

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